

Message Text

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LIMDIS

E.O. 11652: GDS

TAGS: ECON, EALR, RP, CH, PFOR

SUBJECT: RP/PRC RELATIONS: WHAT TO DO ABOUT THE CHINESE?

REF: PEKING 1743

1. COPIES OF MALAYSIA/PRC COMMUNIQUE AND EXCHANGE OF TOASTS GIVEN TO RP SECRETARY OF INDUSTRIES PATERNO OCT. 23, AND PRC TRADE VIEWS PER REFTEL DISCUSSED IN OUTLINE. IN TALK WITH ECON/COMMERCIAL COUNSELOR THAT FOLLOWED, PATERNO MADE FOLLOWING MAIN POINTS ON TRADE ARRANGEMENTS:

(A) RP OBJECTIVES. PHILIPPINES FEELS AN APPROXIMATE \$100 MILLION PURCHASE OF RP GOODS IN CY 1975 IS A DESIRABLE POLITICAL GOAL. THIS EQUATES WITH CHINESE EXPORTS OF ABOUT A MILLION TONS OF CRUDE OIL IN PERIOD TO END 1975 AND ALLOWS FOR AN AS YET UNSPECIFIED AMOUNT OF RICE. PHILIPPINE COMMODITIES IN PACKAGE AS PREVIOUSLY INDICATED WILL BE SUGAR, COOPER CONCENTRATES, COCONUT OIL AND WOOD PRODUCTS.

(B) MAKEUP OF TEAM. HEADED BY PATERNO, THE TEAM, AS YET TO BE APPROVED BY PRESIDENT MARCOS, WILL CONSIST OF ONE OR TWO REPRESENTATIVES EACH OF FOREIGN AFFAIRS, THE SUGAR, COCONUT, COPPER AND WOOD PRODUCT INDUSTRIES, AND THE

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DEPARTMENTS OF INDUSTRIES AND TRADE.

(C) TERMS. PACKAGE WILL BE WORKED OUT ON A BASIS OF QUOTE TECHNICALLY BARTER UNQUOTE TERMS. ALTHOUGH CHINESE PREFERENCE FOR CLEARING ARRANGEMENTS IS UNDERSTOOD, PATERNO SAYS GOP IS NOT READY TO ENTER INTO FORMAL AGREEMENT TO THIS EFFECT. PHILIPPINE GOODS WOULD BE VALUED AT CURRENT WORLD MARKET PRICES.

2. COMMENTING ON POSSIBLE HANDLING OF CHINESE COMMUNITY IN PHILIPPINES, PATERNO SAID MALAYSIAN-CHINESE AGREEMENT ON CITIZENSHIP WOULD NOT WORK WELL AT PRESENT IN RP, ALTHOUGH HE SAID GOP WAS GIVING SUCH A SOLUTION CAREFUL THOUGHT. PATERNO ESTIMATED PHILIPPINES HAS 500,000 ETHNIC CHINESE OF WHOM ABOUT 150,000 ARE CHINESE NATIONALS (MANY WITH TAIWAN PASSPORTS) OR STATELESS. HE ESTIMATED THAT IN SHOWDOWN VERY FEW WOULD CHOOSE PRC CITIZENSHIP; OVERWHELMING CHOICE WOULD BE PHIL CITIZENSHIP, IF GOP COULD ACCOMMODATE THIS CHOICE: HE INDICATED GOP WANTED TO OPEN THIS DOOR BUT HAD NOT FOUND A WAY. (AMBASSADOR J.V. CRUZ, WHO ACCOMPANIED FIRST LADY ON CHINA VISIT, PUBLICLY ENDORSED CITIZENSHIP AS QUOTE MOST FEASIBLE SOLUTION UNQUOTE IN OCT. 24 SPEECH TO PRESTIGIOUS MANILA ROTARY CLUB.)

3. COMMENT. GOVERNMENT IS NOW GIVING URGENT, EARNEST ATTENTION AS TO HOW TO DEAL WITH CHINESE COMMUNITY, BUT, TYPICALLY, EFFORT IS NOT CLOSELY COORDINATED AND SUGGESTIONS ARE SURFACING FROM NUMBER DIFFERENT QUARTERS. WE BELIEVE PATERNO'S NUMBERS AND CATEGORIES ARE APPROXIMATELY CORRECT. WE THINK HIS COMMENT ON PROBABLE INTEREST IN PHILIPPINE CITIZENSHIP IS ALSO ACCURATE BUT GOVERNMENT'S HISTORICAL RESPONSE TO THIS INTEREST HAS BEEN HEAVILY DISCOURAGING. NOW THAT GOP CONSIDERS IT ADVANTAGEOUS TO MOVE IN THIS DIRECTION, HOWEVER, WE ASSUME IT WILL BE ABLE TO DEVISE SOME FORMULA THAT IS MORE RESPONSIVE TO REQUIREMENTS.

SULLIVAN

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Message Attributes

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